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NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OF THE FOLLOWING INFORMATION FROM THIS INSTRUMENT BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

PAID UP OIL AND GAS LEASE

THIS LEASE AGREEMENT is made as of the 2nd day of May, 2008, between SOUTHWEST REAL ESTATE HOLDINGS, L.P., a Texas limited partnership, 409 Central Park Dr., Arlington, Texas 76014, as Lessor and CARRIZO OIL & GAS, INC., 1000 Louisiana Street, Suite 1500, Houston, Texas 77002, as Lessee. All printed portions of this lease were prepared by the party hereinabove named as Lessee, but all other provisions including the completion of blank spaces, were prepared jointly by Lessor and Lessee.

1. Description. In consideration of a cash bonus, to be paid within 30 days of proper execution of this instrument, and the covenants herein contained, Lessor hereby grants, leases and lets exclusively to Lessee the following described land, hereinafter called "leased premises".

7.034 acres, more or less, out of the H. Blackwell Survey, A-149, Tarrant County, Texas, described as 5.928 acres, more or less, and being all of Lot 1, Block 3, Park Side Place, an Addition to the City of Arlington, per plat recorded in Volume 388-174, Page 48 of the Tarrant County Plat Records, as described in Deed dated March 31, 2005, from Central Park Community Center Joint Venture, a Texas joint venture to Southwest Real Estate Holdings, L.P., a Texas limited partnership, recorded in Instrument No. D205091238 of the Real Property Records of Tarrant County, Texas, and by re-calculation for purposes of this Agreement found to contain 7.034 acres, more or less.

In the County of Tarrant, State of Texas, containing 7.034 acres, more or less, (including any interests therein which Lessor may hereafter acquire by reversion, prescription or otherwise), for the purpose of exploring for, developing, producing and marketing oil and gas along with all hydrocarbon and nonhydrocarbon substances produced in association herewith. The term "gas" as used herein includes helium, carbon dioxide, gaseous sulfur compounds, coalbed methane and other commercial gases, as well as a normal hydrocarbon gases. In addition to the above-described land, this lease and the term "leased premises" also covers accretions and any small strips or parcels of land now or hereafter owned by Lessor which are contiguous or adjacent to the above-described land, and, in consideration of the aforementioned cash bonus, Lessor agrees to execute at Lessee's request any additional or supplemental instruments for a more complete or accurate description of the land so covered. For the purpose of determining the amount of any payments based on acreage hereunder, the number of gross acres above specified shall be deemed correct, whether actually more or less.

2. Term of Lease. This lease, which is a "paid-up" lease requiring no rentals, shall be in force for a primary term of **Three (3) years** from the date hereof, and for as long thereafter as oil or gas or other substances covered hereby are produced in paying quantities from the leased premises or from lands pooled therewith or this lease is otherwise maintained in effect pursuant to the provisions hereof.

3. Royalty Payment. Royalties on oil, gas and other substances produced and saved hereunder shall be paid by Lessee to Lessor as follows: (a) For oil and other liquid hydrocarbons separated at Lessee's separator facilities, the royalty shall be **One-Fourth (1/4)** of such gross production, to be delivered at Lessee's option to Lessor at the wellhead or to Lessor's credit at the oil purchaser's transportation facilities, provided that Lessee shall have the continuing right to sell such production to itself or an affiliate at the wellhead market price then prevailing in the same field (or if there is no such price then prevailing in the same field, then in the nearest field in which there is such a prevailing price) for production of similar grade and gravity; (b) for gas (including casinghead gas) and all other substances covered hereby, the royalty shall be **One-Fourth (1/4)** or 25% of the gross proceeds realized by Lessee from the sale thereof, provided that Lessee shall have the continuing right to sell such production to itself or an affiliate at the prevailing wellhead market price for production of similar quality in the same field (or if there is no such price then prevailing in the same field, then in the nearest field in which there is such a prevailing price) pursuant to comparable purchase arrangements entered into on the same or nearest preceding date as the date on which Lessee or its affiliate commences its purchases hereunder; and (c) in calculating royalties on production hereunder, Lessee may deduct Lessor's proportionate part of any production and excise taxes. If at the end of the primary term or any time thereafter one or more wells on the leased premises or lands pooled therewith are capable of producing oil or gas or other substances covered hereby in paying quantities, but such well or wells are either shut in or production therefrom is not being sold by Lessee, such well or wells shall nevertheless be deemed to be producing in paying quantities for the purpose of maintaining this lease. If for a period of 90 consecutive days such well or wells are shut in or production therefrom is not being sold by Lessee, then Lessee shall pay an aggregate shut-in royalty of one dollar per acre then covered by this lease, such payment to be made to Lessor on or before the end of said 90-day period and thereafter on or before each anniversary of the end of said 90-day period while the well or wells are shut in or production therefrom is not being sold by Lessee; provided that if this lease is otherwise being maintained by operations, or if production is being sold by Lessee from another well or wells on the leased premises or lands pooled therewith, no shut-in royalty shall be due until the end of the 90-day period next following cessation of such operations or production. A horizontal Barnett shale well that is drilled with production casing, landed and cemented, shall be deemed to be capable of producing in paying quantities. Lessee's failure to properly pay shut-in royalty shall render Lessee liable for the amount due, but shall not operate to terminate this lease.

4. Shut-in Payment. All shut-in royalty payments under this lease shall be paid or tendered directly to Lessor at the above address, or its successors, regardless of changes in the ownership of said land. All payments or tenders may be made in currency, or by check or by draft and such payments or tenders to Lessor by deposit in the U.S. Mails in a stamped envelope addressed to the Lessor at the last address known to Lessee shall constitute proper payment.

5. Operations. If Lessee drills a well which is incapable of producing in paying quantities (hereinafter called "dry hole") on the leased premises or lands pooled therewith, or if all production (whether or not in paying quantities) permanently ceases from any cause, including a revision of unit boundaries pursuant to the provisions of Paragraph 6 or the action of any governmental authority, then in the event this lease is not otherwise being maintained in force it shall nevertheless remain in force if Lessee commences operations for reworking an existing well or drilling operations for an additional well or for otherwise obtaining, restoring or increasing production on the leased premises or lands pooled therewith within 90 days after completion of operations on such dry hole or within 90 days after such cessation of all production. If at the end of the primary term, or at any time thereafter, this lease is not otherwise being maintained in force but Lessee is then engaged in drilling, reworking or any other operations reasonably calculated to obtain, restore or increase production therefrom, this lease shall remain in force so long as any one or more of such operations are prosecuted with no interruption of more than 90 consecutive days, and if any such operations result in the production of oil or gas or other substances covered hereby, as long thereafter as there is production in paying quantities from the leased premises or lands pooled therewith. After completion of a well capable of producing in paying quantities hereunder, Lessee shall drill such additional wells on the leased premises or lands pooled therewith as a reasonably prudent operator would drill under the same or similar circumstances to (a) develop the leased premises as to reservoirs then capable of producing in paying quantities on the leased premises or land pooled therewith, or (b) protect the leased premises from uncompensated drainage by any well or wells located on other lands not pooled therewith. There shall be no covenant to drill exploratory wells or any additional wells except as expressly provided herein.

6. Pooling. Lessee shall have the right, but not the obligation to pool all or any part of the leased premises or interest therein with any other lands or interests, as to any or all depths or zones, and as to any or all substances covered by this lease, either before or after the commencement of drilling or production whenever Lessee deems it necessary or proper to do so in order to prudently develop or operate the leased premises, whether or not similar pooling authority exists with respect to such other lands or interests. The creation of a unit by such pooling shall be based on the following criteria (hereinafter called "pooling criteria"): A unit for an oil well (other than a horizontal) shall not exceed 40 acres plus a maximum acreage tolerance of 10%, and for a gas well or a horizontal completion shall not exceed 640 acres plus a maximum acreage tolerance of 10%; provided that a larger unit may be formed for an oil well or gas well or horizontal completion to conform to any well spacing or density pattern that may be prescribed or permitted by any

governmental authority having jurisdiction to do so. For the purposes of the forgoing, the terms "oil well" and "gas well" shall have the meanings prescribed by applicable law or the appropriate governmental authority, or if no definition is so prescribed, "oil well" means a well with an initial gas-oil ratio of less than 100,000 cubic feet per barrel and "gas well" means a well with an initial gas-oil ratio of 100,000 cubic feet or more per barrel, based on a 24-hour production test conducted under normal producing conditions using standard lease separator facilities or equivalent testing equipment; and the term "horizontal completion" means an oil or gas well in which the horizontal component of the gross completion interval in the reservoir exceeds the vertical component thereof. In exercising its pooling rights hereunder, Lessee shall file of record a written declaration describing the unit and stating the effective date of pooling. Production, drilling or reworking operations anywhere on a unit which includes all or any part of the leased premises shall be treated as if it were production, drilling or reworking operations on the leased premises, except that the production on which Lessor's royalty is calculated shall be that proportion of the total unit production which the net acreage covered by this lease and included in the unit bears to the total gross acreage in the unit, but only to the extent such proportion of unit production is sold by Lessee. In the event a unit is formed hereunder before the unit well is drilled and completed, so that the applicable pooling criteria are not yet known, the unit shall be based on the pooling criteria Lessee expects in good faith to apply upon completion of the well; provided that within a reasonable time after completion of the well the unit shall be revised if necessary to conform to the pooling criteria that actually exists. Pooling in one or more instances shall not exhaust Lessee's pooling rights hereunder and Lessee shall have the recurring right but not the obligation to revise any unit formed hereunder by expansion or contraction or both, either before or after commencement of production, in order to conform to the well spacing or density pattern prescribed or permitted by the governmental authority having jurisdiction, or to conform to any productive acreage determination made by such governmental authority. To revise a unit hereunder, Lessee shall file of record a written declaration describing the revised unit and stating the effective date of revision. To the extent any portion of the leased premises is included in or excluded from the unit by virtue of such revision, the proportion unit production on which royalties are payable hereunder shall thereafter be adjusted accordingly. In the absence of production in paying quantities from a unit, or upon permanent cessation thereof, Lessee may terminate the unit by filing of record a written declaration describing the unit and stating the date of termination. Pooling hereunder shall not constitute a cross-conveyance of interests.

7. **Payment Reductions.** If Lessor owns less than the full mineral estate in all or any part of the leased premises, the royalties, and shut-in royalties payable hereunder for any well on any part of the leased premises or land pooled therewith shall be reduced to the proportion that Lessor's interest in such part of the leased premises bears to the full mineral estate in such part of the leased premises. To the extent any royalty or other payment attributable to the mineral estate covered by the lease is payable to someone other than Lessor, such royalty or other payment shall be deducted from the corresponding amount otherwise payable to Lessor hereunder.

8. **Ownership Changes.** The interest of either Lessor or Lessee may be assigned, devised or otherwise transferred in whole or in part by area and/or by depth or zone, and the rights and obligations of the parties hereunder shall extend to their respective heirs, devisees, executors, administrators, successors and assigns. No change in Lessor's ownership shall have the effect of reducing the rights or enlarging the obligations of Lessee hereunder, and no change in ownership shall be binding on Lessee until sixty days after Lessee has been furnished the original or duly authenticated copies of the documents establishing such change of ownership to the satisfaction of Lessee or until Lessor has satisfied the notification requirements contained in Lessee's usual form of division order. In the event of the death of any person entitled to shut-in royalties hereunder, Lessee may pay or tender such shut-in royalties to the credit of decedent or decedent's estate at the address designated above. If at any time two or more persons are entitled to shut-in royalties hereunder, Lessee may pay or tender such shut-in royalties to such persons, either jointly, or separately in proportion to the interests which each owns. If Lessee transfers its interest hereunder in whole or in part, Lessee shall be relieved of all obligations hereafter existing with respect to the transferred interests, and failure of the transferee to satisfy such obligations with respect to the transferred interests, shall not affect the rights of Lessee with respect to any interests not so transferred. If Lessee transfers a full or undivided interest in all or any portion of the area covered by this lease, the obligation to pay or tender shut-in royalties hereunder shall be divided between Lessee and the transferee in proportion to the net acreage interest in this lease then held by each. It is agreed that operations hereunder shall not be assigned to an operator approved by the Railroad Commission of Texas without the prior written consent of Lessor. However, Lessor agrees to not unreasonably withhold or delay their consent.

9. **Release of Lease.** Lessee may, at any time and from time to time deliver to Lessor or file of record a written release of this lease as to a full or undivided interest in all or any portion of the area covered by this lease or any depths or zones thereunder, and shall thereupon be relieved of all obligations thereafter arising with respect to the interest so released. If Lessee releases less than all of the interest or area covered hereby, Lessee's obligation to pay or tender shut-in royalties shall be proportionately reduced in accordance with the net acreage interest retained hereunder.

10. **Ancillary Rights.** No well shall be located less than 300 feet from any house or commercial building now on the leased premises without Lessor's consent, and Lessee shall pay for damage caused by its operations to buildings and other improvements now on the leased premises.

11. **Non-Surface Limitation.** Lessee shall not conduct any surface operations upon any part of the surface of the leased premises. Lessee shall, however, have a sub-surface easement to horizontally drill under the surface of the leased premises. Notwithstanding anything contained herein to the contrary, Lessee shall have the right to conduct seismic operations, but only by utilizing the vibroseis-method.

12. **Environmental Safeguards.** Lessee shall employ such measures as will reduce the impact of its operations upon improvements, vegetation and habitat on the leased premises. Lessee shall use reasonable care and safeguards in conducting its operations in or under the leased premises to prevent contamination or pollution from any waste, pollutant, or contaminant to any environmental medium, including soil, surface waters, groundwater, sediments, surface or subsurface strata, ambient air, or any other environmental medium in, on, or under the leased premises. Lessee shall remediate any condition which is hazardous to humans or wildlife resulting from Lessee's operations in or under the leased premises.

13. **Visual Appearance.** Lessee shall not permit the disposal of trash, storage of used equipment or other such materials on the well sites and shall maintain the well sites in a neat and orderly fashion. Lessee shall construct or improve necessary lease roads as all weather roads and shall maintain such roads in a good state of condition and repair in order to prevent excess dust and erosion and maintain the continuity of the surrounding environment. For safety and appearance, Lessee shall install appropriate fences around each well and related facilities in a visually appealing manner in an effort to maintain the continuity of the surrounding area, and shall maintain the fences in a good state of repair. Upon conclusion of Lessee's drilling and completion operations, Lessee shall restore that portion of the well site not being utilized by Lessee for producing operations as nearly as is reasonably practicable to its original state. In addition, Lessee shall maintain the well sites in a manner whereby they shall be free of noxious vegetation and debris resulting from Lessee's operations. Upon lease expiration, Lessee shall remove all of Lessee's equipment and restore the surface of the ground as nearly as is reasonably practicable to its original state.

14. **Groundwater Protection.** Any oil or gas wells drilled by Lessee shall be drilled in compliance with the surface casing requirements imposed by the State of Texas for groundwater protection and Lessee shall install such surface casing in the required manner in order to insure the protection of all fresh water bearing formations in and under the leased premises.

15. **Noise Abatement and Safety.** Lessee shall utilize modern equipment with appropriate safeguards in its drilling, completion and producing operations. Whenever possible, Lessee shall install sound barriers and utilize hospital grade mufflers on compressors to reduce noise levels and emissions while conducting its operations in populous urban areas.

16. **Seismic Operations.** Lessee shall pay for all damages incurred to the leased premises which result from its seismic operations. Other than seismic operations as provided herein, by execution and delivery of this Lease, Lessee does not otherwise obtain the right to conduct exploration, excavation or drilling operations from or upon the surface of any portion of the leased premises.

17. **Local Ordinances.** In conducting its operations hereunder, Lessee shall comply with all ordinances, rules or regulations imposed by the City of Arlington or other governmental agency which are in effect as of the date of this lease.

18. **Regulation and Delay.** Lessee's obligations under this lease, whether express or implied, shall be subject to all applicable laws, rules, regulations and orders of any governmental authority having jurisdiction, including restrictions on the drilling and production of wells, and regulation of the price or transportation of oil, gas and other substances covered hereby. Lessor hereby agrees that, in the event Lessee deems it necessary to seek a variance, waiver or other relief from any laws, rules, regulations, or orders (which for purposes of this paragraph shall include any ordinance) or other such authority exercised by, (i.) the City of Arlington, including but not limited to the well setback distance for gas drilling and production, or (ii.) by any other governmental entity or authority having jurisdiction, then Lessor shall engage in reasonable acts and execute and deliver such instruments and documents Lessee deems necessary or convenient in seeking such relief. In the event Lessee is required by such authority to acquire Lessor's consent as a prerequisite to obtain such reasonable variance, waiver or other relief, Lessor grants to Lessee and agrees that Lessee's leasehold estate acquired hereunder includes, the right to utilize this lease as Lessor's consent and ratification of any reasonable subsequent

variance, waiver or other relief Lessee seeks, without the necessity of Lessee obtaining any additional or subsequent consent/s from Lessor. Lessor furthermore agrees not to execute documents or instruments or engage in acts that would diminish or adversely affect the relief Lessee is seeking. When drilling, reworking, production or other operations are prevented or delayed by such laws, rules, regulations or orders, or by inability to obtain necessary permits, equipment, services, material, water, electricity, fuel, access or easements, or by fire, flood, adverse weather conditions, war, sabotage, rebellion, insurrection, riot, strike or labor disputes, or by inability to obtain a satisfactory market for production or failure of purchasers or carriers to take or transport such production, or by any other cause not reasonably within Lessee's control, this lease shall not terminate because of such prevention or delay and the period of delay shall be added to the term of this lease. Lessee shall not be liable for breach of any provisions or implied covenants of this lease when drilling, completion, production or other operations are so prevented or delayed.

19. Lessee is hereby given the exclusive option to extend the primary term of this lease for an additional two (2) years from the expiration of the original primary term. This option may be exercised by Lessee at any time during the last year of the original three year primary term, by paying to Lessor or their heirs, successors or assigns, the sum, per net mineral acre, equal to (2/3) two-thirds of the original bonus payment per net mineral acre made by Lessee for the original three year primary term. Lessee shall exercise such option and such option shall be deemed to be properly, timely and fully exercised by Lessee if Lessee forwards written notice of such election along with the payment to Lessor by either, (i.) U.S. Mail, (ii.) Overnight Delivery Service, or (iii.) by personal delivery, postage prepaid, to Lessor's last known address, which, in either case, shall occur prior to the end of the primary term hereof, plus any extension period occurring as a result of other lease provisions contained herein.

20. Breach or Default. No litigation shall be initiated by Lessor for damages, forfeiture or cancellation with respect to any breach or default by Lessee hereunder, for a period of at least 60 days after Lessor has given Lessee written notice fully describing the breach or default, and then only if Lessee fails to remedy the breach or default within such period. In the event the matter is litigated and there is a final judicial determination that a breach or default has occurred, this lease shall not be forfeited or cancelled in whole or in part unless Lessee is given a reasonable time after said judicial determination to remedy the breach or default and Lessee fails to do so.

21. Warranty of Title. Lessor hereby agrees to defend title conveyed to Lessee hereunder, and agrees that Lessee at Lessee's option may pay and discharge any taxes, mortgages or liens existing, levied or assessed on or against the leased premises. If Lessee exercises such option, Lessee shall be subrogated to the rights of the party to whom payment is made, and, in addition to its other rights, may reimburse itself out of any royalties or shut-in royalties otherwise payable to Lessor hereunder. In the event Lessee is made aware of any claim inconsistent with Lessor's title, Lessee may suspend the payment of royalties and shut-in royalties hereunder, without interest, until Lessee has been furnished satisfactory evidence that such claim has been resolved.

22. Cash Bonus Payment. Notwithstanding any other provision of this Lease Agreement, if the cash bonus payment in the amount of one hundred forty thousand six hundred eighty dollars (\$140,680) is not paid to Lessor within thirty (30) days of the execution of this Lease Agreement as reflected in the notary acknowledgement, Lessor in its sole discretion may declare this lease null and void.

IN WITNESS WHEREOF, this lease is executed to be effective as of the date first written above, but upon execution shall be binding on the signatory and the signatory's heirs, devisees, executors, administrators, successors and assigns, whether or not this lease has been executed by all parties hereinabove named as Lessor.

IN WITNESS WHEREOF this instrument is executed on the date first above written.

LESSOR: SOUTHWEST REAL ESTATE HOLDINGS, L.P., a Texas limited partnership
By Phillip Mark Brown, as Representative, of SW Real Estate Management, LLC
being the General Partner of Southwest Real Estate Holdings, L.P.

Signature: [Signature]
By: Phillip Mark Brown, MD

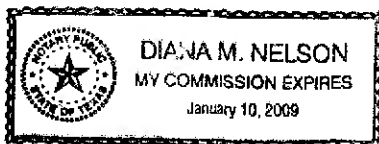
Title: _____

ACKNOWLEDGEMENT

STATE OF TEXAS §
 §
COUNTY OF TARRANT §

This instrument was acknowledged before me on the 6 day of May, 2008, by

Phillip Mark Brown, MD, as Representative / Partner, the General Partner of Southwest Real Estate Holdings, L.P., a Texas limited partnership and on behalf of said limited partnership, as Lessor.



[Signature]
Notary Public for the State of Texas

EXHIBIT "A"

Attached to and made a part of that certain Oil and Gas Lease

Dated May 6, 2008

From Southwest Real Estate Holdings, L.P., as Lessor

To Carrizo Oil & Gas, Inc., as Lessee

1. CONFLICT

In the event that any of the terms and provisions of this Exhibit "A" conflict with any of the terms and provisions of the printed form Lease (the "Printed Form") to which this Exhibit "A" is attached, then the terms and provisions of this Exhibit "A" shall control and take precedence. The Land referred to in Paragraph 1. of the Printed Form may sometimes be called the "Leased Premises" in this Exhibit "A."

2. OIL AND GAS ONLY/EXCLUDED MINERALS

Notwithstanding anything contained in the Printed Form to the contrary, this Lease covers only oil and gas, including other liquid and gaseous hydrocarbons, including sulfur, as well as such other minerals or substances as may be produced incidental to and as a part of or mixed with oil, gas and other liquid or gaseous hydrocarbons, but this Lease does not cover gravel, uranium, fissionable materials, coal, lignite or any hard minerals or substances of any type which shall be produced from the Leased Premises separate and apart from, or independently of, oil, gas or other liquid and gaseous hydrocarbons.

3. ROYALTIES FURTHER DEFINED

It is the intent of the parties that the Lessor's royalty hereunder shall be twenty-five percent (25%) (the "Royalty Fraction"). Lessor shall receive, and Lessee agrees to pay to Lessor, the greater of (i) the Royalty Fraction of the market value of all gas (including casinghead gas) and all other substances covered hereby produced and sold from the Leased Premises or lands pooled therewith, or (ii) the Royalty Fraction of the proceeds realized by Lessee from the sale of oil and/or gas and casinghead gas, including any other reimbursements or other forms of compensation paid by the purchaser of such oil and/or gas and casinghead gas to Lessee, on gas produced from the Leased Premises or lands pooled therewith. In no event shall Lessor receive less than Lessee for such payment. Notwithstanding the provisions of the Printed Form with respect thereto, Lessor's royalty may not be charged, directly or indirectly, with any of the expenses of production, gathering on the Leased Premises, dehydration, compression, processing, transportation, treating, or marketing the oil and gas produced from the Leased Premises and all of such costs shall be considered costs of production and not post-production costs. It is the intent of the parties that the provisions of this Section are to be fully effective and enforceable and are not to be construed as "surplusage" under the principles set forth in *Heritage Resources v. NattonsBank*, 939 S.W.2nd 118 (Tex. 1997). Notwithstanding the foregoing, in the event Lessee is then selling production of oil or liquid or gas from the Leased Premises to a purchaser which is not an affiliate of Lessee, and the purchaser of such production charges Lessee for marketing, transportation, compression, stabilization or treatment of the production off the Leased Premises in order to make the production saleable, increase its value or in order to get the production to a market, Lessor's royalty shall bear its proportionate share of the actual, reasonable cost incurred by Lessee up to a cap or maximum of \$.30 per m.c.f., and if gas produced from the Leased Premises is processed, Lessor's royalty shall bear its proportionate share of all costs of processing, but shall be paid its proportionate share of any enhancements. In the event Lessee markets gas produced and saved from the Leased Premises through any affiliate company, Lessor shall not bear, directly or indirectly, any production or post-production costs or expenses, including without limitation, costs or expenses of gathering, dehydration, compression, transportation, processing, treating, or marketing the gas and associated liquid hydrocarbons produced from the Leased Premises that are charged to Lessee. In the event gas is marketed through a third party, Lessor shall receive and Lessee agrees to pay to Lessor the proceeds realized by Lessee from the sale of oil and/or gas and

casinghead gas including any other reimbursements or other forms of compensation paid by the purchaser of such oil and/or gas and casinghead gas to Lessee, produced from the Leased Premises. In no event shall Lessor receive less than Lessee for such payment. As used in this Lease, the term "affiliate" means (i) any corporation, trust, partnership, individual or other entity or person of any kind that owns, either directly or indirectly, as much as a ten percent (10%) interest in Lessee or in which Lessee owns as much as a ten percent (10%) interest either directly or indirectly, or is an entity in which as much as ten percent (10%) interest is owned either directly or indirectly by the same entity that is the owner either directly or indirectly of as much as ten percent (10%) interest in Lessee, or (ii) any other corporation, trust, partnership, individual or other entity or person which is affiliated with Lessee by any common officer, director or in any other way that would in any manner inhibit arms length dealing between Lessee and such other entity or person. Notwithstanding anything contained in the Printed Form to the contrary, Lessor will be paid royalty on oil and gas produced from the Leased Premises and consumed by Lessee on the Leased Premises or other lands pooled therewith for compression, dehydration, fuel, or other use.

4. SHUT-IN ROYALTY CLAUSE

Notwithstanding any provisions of the Printed Form to the contrary, it is expressly agreed and understood that Lessee's right to maintain this Lease in force after the expiration of the Primary Term hereof by the payment of shut-in gas royalty shall be limited to recurring periods after the Primary Term not to exceed twenty-four (24) months during any one shut-in period or for more than 36 months in the aggregate during a ten year period during times all wells are actually and physically shut in. This Lease shall terminate if Lessee fails to timely pay or tender such sum as shut-in royalty if Lessee does not pay the shut in payment within ten days after receipt of notice from Lessor that such shut in royalty has not been paid. Notwithstanding any provisions of the Printed Form to the contrary, it is expressly agreed and understood that Shut-In Royalty shall be paid at the rate of Ten Dollars (\$10.00) for each acre of land subject to this Lease.

5. POOLING

In the event Lessee exercises the right granted in the Printed Form to pool any part of the Leased Premises with other lands, Lessee may not pool less than all of the Leased Premises in any pooled unit. Lessee shall execute in writing an instrument or instruments identifying and describing the pooled acreage and file the same for recording in the Office of the County Clerk in the county in which said pooled acreage is located, and upon filing shall provide a copy of the same to Lessor. Said pooled unit shall be effective as of the date such instrument is filed for recording in the Office of the County Clerk.

6. ROYALTY PAYMENT

After initial production is established, payment to Lessor shall be made within ninety (90) days. All payments of royalties thereafter shall be paid thirty (30) days after the end of the production month for oil, and sixty (60) days after the end of the production month for gas. Payment of royalties to Lessor shall be made monthly and shall be based upon sales of leased substances to unrelated third parties at prices arrived at through arms-length negotiations provided that (i) such prices shall not be less than the actual proceeds received by Lessee from the sale of such leased substances, and (ii) such sales prices shall be based upon prevailing values of leased substances at the time in the area where substances are sold. Royalties to Lessor or leased substances not sold in any arms-length transaction shall be determined based upon prevailing values at the time in the area where the leased substances are sold. Lessee shall have the obligation to disclose to Lessor (upon written request by Lessor) any information pertinent to this determination. Lessee or his assigns shall pay or cause to be paid to Lessor all of Lessor's proportionate part of Lessor's royalty revenues from the sale of hydrocarbons, associated gas, and/or natural gas from lands covered by this Lease on a monthly basis; however, if Lessor's royalty revenues are less than Twenty-Five Dollars (\$25.00) for a month, then they may be accumulated to Twenty-Five

Dollars (\$25.00) before distribution. All royalties must be paid at least once per annum.

7. ROYALTY OVERPAYMENT LIMITATIONS

Lessee shall not have the right to recoup overpayments made to Lessor for periods greater than two (2) years, if royalty overpayment is made. This reimbursement can only be made through the production of any well.

8. INDEMNITY

Other than lessor's gross negligence or willful misconduct, Lessee agrees to indemnify and hold harmless the Lessor, and each of them, from and against any and all claims resulting from or arising out of or in connection with operations of or for Lessee hereunder or the exercise of any right granted hereunder or obligation imposed hereby and from and against all costs and expenses incurred by the parties herein designated "Lessor", and each of them, by reason of any such claim or claims.

9. ATTORNEYS' FEES

If Lessor or Lessee files a legal action to enforce any express or implied obligation of this Lease and receives a favorable judgment from a court of competent jurisdiction, then the prevailing party shall, upon entry of a final judgment, reimburse the other for all costs of such legal proceedings including attorneys' fees.

10. NO WARRANTY

Notwithstanding the warranty contained in the Printed Form, Lessor makes no warranty of title whatsoever as to the Leased Premises. Lessee is relying upon Lessee's own title examination. However, to the extent transferable, Lessor transfers to Lessee all rights of subrogation to defend Lessor's title against third party claims which Lessee would have acquired had Lessor warranted title.

11. SURFACE PROVISIONS/SURFACE WAIVER

Notwithstanding any other section of the Printed Form, Lessee shall and does hereby waive its right to use the surface of the Leased Premises for the purpose of exploring for, developing, drilling, producing, transporting, or any other purpose incident to the development or production of the oil, gas, or minerals from the surface of the Leased Premises. Lessee shall not have the right to enter upon the surface of the Leased Premises or place any building or structure or pipeline thereon. Lessee shall develop the Leased Premises only by pooling, as provided herein, or by directional or horizontal drilling under the Leased Premises commenced from a surface location on other lands. Notwithstanding anything contained in the Printed Form to the contrary, Lessee shall have no right to use water from the surface of the Leased Premises for any purpose without the prior written consent of Lessor, which may be granted or withheld in Lessor's sole discretion.

12. INFORMATION

Lessee agrees that upon written request from Lessor, Lessee will provide Lessor with a drilling plan for the Leased Premises, which shall locate on a survey or a map of the Leased Premises the proposed surface and underground location of the well or well locations to be drilled and developed by Lessee. Lessor shall have the right, at its own expense, at any reasonable time, not to exceed once during a two year period, to inspect, and if Lessor so chooses, to make an audit of Lessee's accounts, contracts, books and records pertaining to the Leased Premises for the purpose of ascertaining the amount of production and sales and the cost of manufacturing and extracting any and all substances covered by this Lease. If any audit reveals an underpayment, Lessee shall be responsible for the cost of the audit; however, Lessee shall only be liable for such costs to the extent the audit costs are equal to or less than the amount of the audited underpayment. In no event shall this provision be construed to limit or restrict Lessor's rights to assert any claims against Lessee under applicable law.

13. LIABILITIES OF LESSEE

The term "production" as used in this Lease means production in paying quantities. No obligation of Lessee to pay money under this Lease will be excused or delayed by reason of force majeure. Lessee's obligations to pay money under this Lease are to be performed in Tarrant County, Texas. The receipt by Lessee from a purchaser or a pipeline company of proceeds of production for distribution to Lessor will not result in Lessee acquiring legal or equitable title to those proceeds, but Lessee will at all time hold the proceeds in trust for the benefit of Lessor. The execution or ratification by Lessor of any division order, gas contract or any other document will not alter any provision of this Lease unless the intent to do so is expressly stated in the document. Lessee agrees to furnish, Lessor a copy of each title opinion or report obtained by Lessee that covers all or any part of the Leased Premises together with a copy of each title curative document obtained by Lessee.

14. TERM/OPTION

Notwithstanding anything contained in the Printed Form to the contrary, this Lease shall be for a term of three (3) years from the date it is executed (called "Primary Term") and so long thereafter as oil or gas is produced from said Land or Lands with which said Land is pooled hereunder. In the event Lessee has not commenced operations for the drilling of a well under the terms of this Lease by the expiration of the Primary Term hereof, Lessee shall have the right to extend the Primary Term for an additional two (2) years upon payment to Lessor of an additional bonus payment of (2/3) two-thirds of the original bonus payment per net mineral acre being Twenty Thousand and No/100 Dollars (\$20,000.00) per acre for each acre subject to the terms of this Lease. Commencement of operations for the drilling of a well means the penetration of the surface with a drilling rig capable of drilling to the anticipated total depth of the well.

15. APPURTENANCES INCLUDED WITHIN LEASED PREMISES

Appurtenances to the real property described in Paragraph 1 of the Printed Form shall be included within the land that is covered by the Oil and Gas Lease to which this Exhibit "A" is attached. Specifically, Lessee shall include the real property described on Paragraph 1 of the Printed Form, together with any appurtenances thereto (which applies to the center line of any public road or right-of-way that is adjacent or contiguous to the real property described on Paragraph 1 of the Printed Form) in any unit in which any part of the Leased Premises is pooled. The parties agree that the gross acres within the real property described on Paragraph 1 of the Printed Form and appurtenances thereto, is 7.034 acres, unless a survey is made by a licensed registered surveyor that shall determine otherwise, in which event the gross acres shall be as determined by such survey.

16. VERTICAL SEVERANCE

After the expiration of the primary term of this lease, or after cessation of continuous development as provided herein, whichever occurs last, this lease shall terminate as to all depths lying below 100 feet below the stratigraphic equivalent of the base of the formation encountered by the production casing which has been landed and cemented in place by Lessee on the Leases Premesis or upon lands with which the Leased Premises may be pooled.

17. HORIZONTAL SEVERANCE

At the expiration of the primary term plus the term of the continuous drilling period, all of the Leased Premises not then included in a pooled or proration unit consisting of land approved for said well by the State of Texas Railroad Commission or other governmental regulatory body or competent jurisdiction, shall be released by Lessee and a release filed of record in the County where the property is located and a copy furnished to Lessor.

Refman: E6 J
3754 Broken Bow Rd
Belton, TX 76513

LESSOR:

SOUTHWEST REAL ESTATE HOLDINGS, L.P. by
ENT REAL ESTATE MANAGEMENT, LLC,
being the General Partner of SOUTHWEST REAL ESTATE
HOLDINGS, L.P.

By: [Signature]

Its: representative

LESSEE:

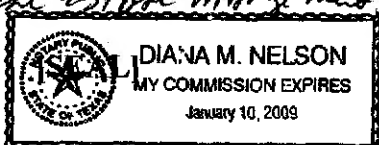
 CARRIZO OIL & GAS, INC.

By: [Signature]
Authorized Officer

STATE OF TEXAS

COUNTY OF TARRANT

This instrument was acknowledged before me, the undersigned notary public, on the 6 day
of May, 2008, by Phillip Mark Brown, as Representative, of
Partner, being the General Partner of South West Real Estate Holdings, L.P.
ENT Real Estate Management, LLC



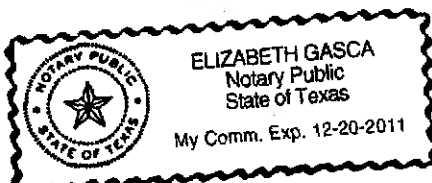
[Signature]
Notary Public, State of Texas

STATE OF TEXAS

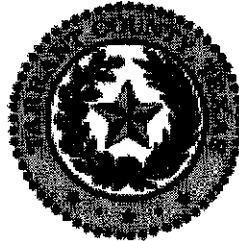
COUNTY OF ~~HARRIS~~ TARRANT

This instrument was acknowledged before me, the undersigned notary public, on the 28th day of
MAY, 2008, by ANDREW R. AGOSTO an authorized officer of Carrizo Oil & Gas,
Inc., on behalf of the Corporation.

[SEAL]



ELIZABETH GASCA
Notary Public, State of TEXAS



EGJ
3754 BROKEN BOW RD

BELTON TX 76513

Submitter: EGJ ENTERPRISES INC

SUZANNE HENDERSON
TARRANT COUNTY CLERK
TARRANT COUNTY COURTHOUSE
100 WEST WEATHERFORD
FORT WORTH, TX 76196-0401

DO NOT DESTROY
WARNING - THIS IS PART OF THE OFFICIAL RECORD.

Filed For Registration: 08/19/2008 02:37 PM
Instrument #: D208325650
LSE 10 PGS \$48.00

By: _____



D208325650

ANY PROVISION WHICH RESTRICTS THE SALE, RENTAL OR USE
OF THE DESCRIBED REAL PROPERTY BECAUSE OF COLOR OR
RACE IS INVALID AND UNENFORCEABLE UNDER FEDERAL LAW.

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